

CENTRAL INTELLIGENCE AGENCY  
ORE 38-49

~~TOP SECRET~~  
~~CONFIDENTIAL~~

19 January 1949

PROBABLE EXTENT OF COMMUNIST PARTY ACTION  
AGAINST WESTERN EUROPEAN ECONOMY

I. ASSUMPTION:

The USSR will not wage a shooting war in Western Europe before 1950.

II. PROBLEM:

To determine the most favorable course of action open to the national Communist Parties (CPs) against the economy of each nation in Western Europe and to estimate its effect on the recovery of each nation and on the economy of Western Europe as a whole in 1949.

III. CONCLUSION:

Only in Italy and France can the Communist Parties act effectively, but by no means decisively. In neither country will the CP probably be able to do more than stage a series of strikes\* in selected industries. These strikes might nullify the gains in national income which would otherwise accrue from ECA aid to those countries for a year.

The over-all effect of the strikes and other CP action in 1949 against Western Europe as a whole will probably be an economic loss of between \$177 millions and \$197 millions.\*\*

\*The adverse wage-price differential throughout the area would produce many of these strikes even if there were no Communists to lead and publicize them.

\*\*ERP allocations to Western Europe excluding UK total \$3,288,300,000 for the period April 1948 - April 1949.

Note: This report is in process of coordination with the intelligence organizations of the Departments of State, Army, Navy, and the Air Force.

~~TOP SECRET~~  
~~CONFIDENTIAL~~

SEE REVERSE FOR DECLASSIFICATION ACTION

IV. DISCUSSION:~~TOP SECRET~~  
**CONFIDENTIAL**

A. The table below contains data which bear on the conclusion of this paper. Special attention is invited to the estimated figures listed under CP Para-military (Forces) and Effective Government Forces. These indicate that the trained CP para-military units of all the Western Continent are outnumbered in a ratio of 1 to 13.8 by the trained, and at present loyal, forces of the Governments.

If the forces on the Iberian Peninsula and Switzerland are omitted on the ground that these areas do not contain a measurable Communist threat within themselves, the ratio of CP Para-militarists to Effective Government Forces is 1 to 6.8. In the two countries in which the CPs are strongest, these ratios exist: Italy, 1 to 4; France, 1 to 3.7.

These figures indicate the numerical ratio of trained men on each side who can be counted upon to fight. But it should be noted that statistics of this sort are often misleading; revolutions are the work of active, well-organized minorities operating against passive or confused ruling groups. The relative effective use of the fighting groups under consideration must be estimated not only on the numerical basis, but also on the climate of opinion prevailing in both camps.

This opinion is conditioned and revealed largely by the results of the free elections held in Western Europe since Liberation. It cannot be doubted that these election results have had their effect on Kremlin planning groups and on their counterparts in Western Europe. The table indicates that 1.6 percent of the total population of the subject area are

- 2 -

~~TOP SECRET~~**CONFIDENTIAL**

**CONFIDENTIAL**~~TOP SECRET~~

enrolled Communists. The table also shows the percentage of votes cast for the CP at the last national election in each country. Some of these figures no longer reflect current opinion. In Spain, for example, the last national election, in which the CP secured 3 percent of the total vote, took place in 1936; in France the figure is derived from the 1946 elections. Present indications lead to the conclusion that since these elections, the CPs in all Western European countries,\* have lost ground. (Justification for this statement will be found in the studies on the individual nations.) This is the more remarkable because of the very bad economic conditions which still prevail in the Western Continent.

The data in the table must not be considered alone. On the other side of the scale there has been a marked and intelligent increase in anti-Communist activities in these nations which testifies to the fact that the population of Western Europe as a whole is alert to the dangers inherent in Communism. Special attention is invited to the anti-Communist activities in French, Italian, and Benelux trade unions; as set forth in the national studies contained in the Appendix. This anti-Communist effort is also being felt in the police and military forces of the nations.

\*An apparent exception to this statement is found in Italy. In 1946, the Communists obtained 19 percent of the popular vote whereas in 1948 they polled 23 percent. With their close allies, the left-wing Socialists (PSI), the CP in 1948 polled 31 percent of the popular vote whereas computation based on the Socialist vote cast in 1948 indicates that the left-wing combination which obtained 31 percent of the popular vote in 1948 would have received 35 percent of the vote in 1946. Thus, although the CP popularity grew in Italy between the elections, the over-all percentage of those holding extreme leftist sentiments declined in respect to the total number of votes cast.

- 3 -

~~TOP SECRET~~**CONFIDENTIAL**

~~TOP SECRET~~ **CONFIDENTIAL**

And it must be assumed that it is also effective at the clandestine level in which the CP para-militarists are perhaps most effective.

The result of these conditions on over-all Communist planning may be reflected in the fact that Soviet contributions to the recent strikes in France fell far below what presumably was necessary and could have been supplied. This may well be an admission that the Kremlin recognizes that a climate favorable to Soviet aims in Western Europe has appreciably altered since Liberation. The broad reasons for this are set forth in B.

<u>Nation</u>	<u>Pop. (Mill- ions)</u>	<u>CP Membership</u>	<u>CP% votes last election</u>	<u>CP Hard Core</u>	<u>CP Para- military</u>	<u>Effective Government* Forces</u>
Italy	45.8	2,000,000	31%	350,000	84,000	347,000
France	41.0	500,000	28%	100,000	60,000	225,000
W. Germany	45.0	350,000	8.1 - 10.4%	70,000	--	355,000
Austria	7.0	155,000	5.4%	50,000	13,000	22,800
Benelux	18.3	145,000	7.7 - 12.7%	30,000	--	135,000
Spain	27.0	10,000	3% (1936)	--	--	451,000
Portugal	8.2	4,000	--	--	--	62,500
Switzerland	4.6	18,000	5.1%	4,000	--	600,000
TOTAL	196.9	3,182,000		604,000	157,000	2,198,300

\* Troops, security and other police in Metropolitan area. In occupied areas, occupation troops are included. Equipment and training of these forces are universally superior to CP fighting forces. The figure for Austria is for reliable Austrian police only.

B. The excellent performance of the Communist elements in the underground movements in the nations of Western Europe during the late war, combined with the reputation of the Red Army and the belief that Communism was the "wave of the future" gained great popular support for the Communist cause. Because the Communist underground had in each

- 4 -

~~TOP SECRET~~**CONFIDENTIAL**

~~CONFIDENTIAL~~~~TOP SECRET~~

instance served a popular national cause, it was possible for sincere patriots in each of the Western European nations to support the local CP. With the passage of time, the fact that each CP is an instrument of Soviet imperialism became apparent to an increasingly large portion of the population. This fact was made even more apparent when the same people realized that the European recovery program is an anti-Communist effort aimed at re-establishing a healthy indigenous economic and political condition in each of the nations associated with the program. Thus Communism has continued to lose ground throughout 1948 and will probably continue to do so.

C. The decline of CP membership as a result of the loss of popular support has been rationalized by the Communists as being a voluntary move to shrink down in each case to a "hard core". The result from a CP viewpoint is nevertheless retrogressive politically. On the military side it is evident that a genuine "hard core" organization would be of considerable use to a Red Army bent on the conquest of Western Europe; whereas a loosely articulated, large CP might occasion breaches of security and blunders in Fifth Column operations, etc. These military considerations are believed to be of secondary importance at the present time. The exclusion of Communists from all the Western Europe Cabinets, however, in which they were seated eighteen months ago, is of prime political and economic significance now and for the immediate future.

D. The Communists will continue to exploit their usual propaganda targets. The chief of these is the serious differential between wages and cost of living that exists in the Western European nations, a

- 5 -

~~TOP SECRET~~~~CONFIDENTIAL~~

**CONFIDENTIAL**  
~~TOP SECRET~~

legitimate cause of labor unrest even in the absence of CPs. This propaganda will become decreasingly successful, not only because of the factors mentioned in (A) above, but also because the moral and intellectual powers of the Western European nations will continue to be revived, as hopes for peace increase and as economic recovery takes place.

E. Salient considerations which support the Conclusion of this paper and are auxiliary to the table contained in (A) above follow:

ITALY: This nation has the largest CP in Western Europe. The standard of living is low. Eight million Italians voted for the Communist and left-wing Socialist (PSI) tickets in the important national elections of April 1948 despite the combined efforts of the centrist parties, the Catholic Church, and the promise of ERP. The extreme leftists, however are still excluded from the Cabinet. The para-military element is large, armed and well trained. Communists dominate the Italian General Confederation of Labor (5,000,000 members) and are in a position to paralyze the industrial centers of northern Italy for possibly two weeks.

On the other hand, the pro-western Christian Democrats (CDs) polled 12,708,000 votes in the same elections. The CDs control 53.3 percent of the seats in the Chamber of Deputies and 43.6 percent of the Senate and 10 of the 19 posts in the Cabinet, including the key portfolios. (The other 9 are divided among various other moderates.) The CD Minister of the Interior has made vigorous use of the police to curb CP inspired demonstrations and violence; the centrist parties have cooperated with increasing regularity with the Premier in resolute opposition to CP aims.

~~TOP SECRET~~ -  
**CONFIDENTIAL**

~~CONFIDENTIAL~~~~TOP SECRET~~

The most probable course of CP action will be a series of short strikes in key industries. These will be spaced out and, as occasions arise, there will also be special demonstrations such as the recent one-day strikes of all civil servants. There is every reason to believe that the labor forces of most of the important industries in the nation have been infiltrated. In Milan, for example, the Communists have substantial control of the workers in the automotive, mechanical, rubber, and chemical industries. The Communists may also effectively adopt a general boycott of all government monopolies and stimulate widespread opposition to paying taxes. By these means the CP can whittle away most gains in income accruable from ECA aid; the resultant loss can be estimated roughly at 5 percent or around \$42 millions of the current allocation.\* This estimate reflects direct damage to the economy and does not include possible damage to plant and equipment.

FRANCE: The election figures cited in the table are for the last national election which was held in November 1946. The municipal elections of October 1947 and those for the Council of the Republic of November 1948 make it appear that General de Gaulle's Rally of the French People has supplanted the CP as the strongest political body of France. The CP, however, controls the largest union which has 2,300,000 members. Up to November-December of last year, it had

\*This estimate is based on an Italian submission for 1949 made in connection with ECA which indicates that a complete industrial shutdown in Italy that would last for one week would mean a direct loss of production valued at about \$60 millions.

- 7 -

~~TOP SECRET~~~~CONFIDENTIAL~~

~~CONFIDENTIAL~~~~TOP SECRET~~

4,000,000 members. Since then, however, the Socialist Force Ouvrière has been formed with 800,000 members while the equally anti-Communist Christian Labor Federation continues with about 800,000 members. Non-Communist industrial labor totals 5,000,000, but is less cohesive and effective than the Communist labor forces. These are dominant among underground miners (a sore point in French economy), metal workers, and building trades, and strong among dock workers.

The Communist potential apparently has been weakened by the failure of the Communist CGT to win the coal strikes which ended officially on 29 November 1948. Many Frenchmen, including thousands of workers, have been alienated from the CP by its open Soviet orientation. The Government is attempting to weaken the CP potential further by manipulating social security allotments and possible amendment of the penal code. The Force Ouvrière has been more aggressive recently in resisting CP terrorism.

The rising popularity of De Gaulle is a symptom, not only of the General's personal popularity, but also of the greater alertness of the people to the Communist danger. Whether or not the General comes to power in the near future, it is certain that the security forces of the nation are now in a very favorable position to contain CP operations.

It is believed, therefore, that with the ending of the present wave of CP inspired strikes there will be a period of industrial peace while the CGT regroups its forces, collects money, and waits

~~CONFIDENTIAL~~~~TOP SECRET~~



**CONFIDENTIAL**  
**TOP SECRET**

for the difficulties of the wage-price differential to become inflamed again. The CP will then order a series of rotating strikes in key industries with a major emphasis on coal. Should De Gaulle be in power he would be in a strong popular position to deal with these strikes which could be costly but not decisive. If a coalition cabinet is in power, the same results would follow, particularly if the penal code is amended, but a longer time would be required, and greater losses entailed. A coalition would be less likely to follow up such a success than would De Gaulle with the result that the danger to French economy would be greater. A loss equivalent to \$130 millions is anticipated.\*

WESTERN GERMANY: The CP in western Germany is weak and declining. In the last Lantag elections held in the three zones it polled 10.42 percent in the UK Zone (1946-47), 8.23 percent in the US Zone (1946-47), and 8.14 percent in the French Zone (1948). CP strength in the unions is also relatively light with greatest concentration among metal, harbor-transport, and public workers. The Communists do not control a single west German union, although

\*Strike damage in France during 1948 has been estimated at about \$130 millions. It is believed that the political losses suffered by the CP in France during the year and the probable CP fear of further weakening itself by unsuccessful strike efforts lead to the conclusion that CP strikes will be even less effective in 1949 than for the last calendar year. Lack of satisfactory detail about the economic consequences of the 1948 strikes as well as the political imponderables that will exert a very large influence in 1949 introduce in such estimates a large subjective factor. It is considered, however, that \$130 millions will probably be the maximum damage that the French CP can inflict directly on the nation's economy this year.

- 9 -

**TOP SECRET**  
**CONFIDENTIAL**

**CONFIDENTIAL**  
~~**TOP SECRET**~~

they hold important positions in a number of them, and have considerable leverage in the miners' unions in the Ruhr-Aachen coal area.

Anti-Communist parties usually poll approximately 90 percent of the votes. Cooperation between the parties is relatively good. The administration is stabilized, despite poor living conditions, by the presence of the occupying powers.

In view of these factors the CP will content itself with continuing its old line of action: attacking sensitive points in the local economy, encouraging unrest and wildcat strikes, and attempting to penetrate the unions. Under existing conditions the result will be negligible both for western Germany and for Western Europe.

AUSTRIA: The table in (A) above shows that the CP received only 5.4 percent of the popular votes in the last election (1945). Since then, the Party's popular strength has waned considerably. Austrian CP leaders have been a disappointment to the Kremlin. Labor is controlled chiefly by the Socialist Austrian Trade Union Federation. The police force of about 26,000 is probably less than 12 percent Communist. The nation is strongly Catholic, and the morale of the people, despite their hardships and fear of the Soviet Army, is surprisingly high. On balance, then, the CP is able to attack Austrian economy only by means of short, scattered strikes. These of themselves, could damage but not seriously disrupt the nation's economy.

~~**TOP SECRET**~~

**CONFIDENTIAL**

~~CONFIDENTIAL~~

~~TOP SECRET~~

BENELUX: These nations are strongly anti-Communist, not only because of their high degree of literacy and political sophistication, but because they are strongly Catholic. The ratio of "hard core" to effective Government forces is 1 to 5. Moreover, the CP does not control enough trade union membership to stage effective strikes. The results of CP operations against Benelux economic security will, therefore, be negligible.

SPAIN: Spain is not a member of ERP. The CP is underground and many of its leaders are exiled. The police state of Franco contains Soviet internal operations within minimal limits. No terminal date is in sight for the present regime.

PORTUGAL: The conditions which exist in Spain also obtain in Portugal, save that it is a member of ERP, but does not receive assistance.

SWITZERLAND: The Swiss CP has always been a small and practically powerless group. It will not have an appreciably adverse effect on the national economy or on that of Western Europe. Switzerland neither receives nor needs ERP aid.

- 11 -

~~TOP SECRET~~

~~CONFIDENTIAL~~